

Data Sheet

USAID Mission:	Armenia
Program Title:	Increased Employment
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	111-0130
Status:	Continuing
Planned FY 2005 Obligation:	\$14,000,000 FSA
Prior Year Unobligated:	\$6,677,000 FSA
Proposed FY 2006 Obligation:	\$10,000,000 FSA
Year of Initial Obligation:	2004
Estimated Year of Final Obligation:	2008

Summary: USAID's program to generate "Increased Employment in a Competitive Private Sector" is a multi-pronged effort that includes training, technical assistance, and limited commodity support to improve the business environment in Armenia and foster the growth of micro-, small- and medium-sized enterprises in order to increase employment.

Inputs, Outputs, Activities:

FY 2005 Program: Increase Participation in Global Trade and Investment (\$400,000 FSA, \$525,000 FSA carryover). To increase Armenia's capacity to take advantage of its World Trade Organization (WTO) accession, USAID will provide training and technical assistance to the Ministry of Trade & Economic Development, the institution responsible for WTO implementation. Assistance is provided to improve the ability of the government to enforce intellectual property rights and align product standards with WTO requirements. USAID assistance to the Armenian Development Agency is structured to improve its ability to promote Armenian trade and investment. A new project will provide guidance to selected enterprises to enhance economic competitiveness and to raise prospects for greater exports. Principal contractors: BearingPoint, Systems Research & Applications (SRA), to be determined (TBD).

Improve Economic Policy and Governance (\$3,670,000 FSA, \$2,905,000 FSA carryover). USAID is inaugurating a tax improvement project with the State Tax Service. The project will focus on tax policy in the Ministry of Finance & Economy and National Assembly. The other major activity in this area involves capacity building with counterparts to improve commercial law, including bankruptcy law, civil code, and judicial training. Another component raises the capacity of the State Committee for the Promotion of Economic Competition to advance competition. A final component involves assistance to the Public Services Regulatory Commission to increase its capacity to regulate telecommunications. Principal contractors: TBD and BearingPoint.

Increase Private Sector Growth (\$4,205,000 FSA, \$2,272,000 FSA carryover). USAID's agribusiness project will focus on developing the business capacity of small- and medium-sized enterprises (SMEs). Assistance in international marketing will end, as USAID-assisted firms are now self-sustaining. Another effort works with microfinance institutions to make them sustainable. USAID will also provide business service support to small-scale enterprises and promote an Entrepreneurs Roadmap that specifies the various steps required to legally register a business. USAID will launch a project to help make SMEs more competitive, focusing primarily on the industry level. In the information technology sector, USAID is assisting the Open Source Laboratories enterprise, and will graduate assistance to the University Consortium Project, an effort that has created master's degree (MA) programs in Information Science in three universities. USAID continues assistance to the Centralized Real Property Database System for the State Committee for Real Property Cadastre. This activity improves access to real property. Principal contractors: Development Alternatives, Inc. (DAI), Chemonics, SRA, and TBD.

Strengthen Financial Sector's Contribution to Economic Growth (\$4,975,000 FSA, \$175,000 FSA carryover, \$800,000 FSA prior year recoveries). USAID will phase out assistance to the

Securities Commission, the Central Depository, and the stock exchange and will launch new bank supervision and financial sector development projects. The former involves continued assistance to the Central Bank of Armenia. The latter focuses on other aspects of the financial sector, such as insurance and mortgages. Finally, USAID will develop a Global Development Alliance (GDA) partnership with an Armenian Diaspora organization to establish a non-bank financial institution (NBFI). USAID plans to use Development Credit Authority to extend credit guarantees to support the issuance of debt instruments offered by this NBFI. USAID will support two other DCA activities: 1) to help local commercial banks attract funds to increase their loan capitalization; and 2) to implement loan guarantee program to assist microfinance institutions attract commercial bank credit. Principal contractors: BankWorld and TBD.

Increase Agricultural Productivity (\$750,000 FSA). USAID plans to establish a GDA to support the development of a diagnostic laboratory for livestock. The project would begin as a pilot in a central region of Armenia. Principal contractor: TBD.

FY 2006 Program: Increase Participation in Global Trade and Investment (\$1,300,000 FSA). USAID will complete assistance in WTO compliance. USAID will fund assistance to the Ministry of Trade & Economic Development, the primary institution responsible for WTO implementation, as well as to select other institutions, such as the Ministry of Agriculture. Training will be provided to address barriers to trade and develop trade-promoting policies. Principal contractor: BearingPoint.

Improve Economic Policy and Governance (\$3,000,000 FSA). USAID will implement a project that will focus on improved tax administration. Principal contractor: TBD.

Increase Private Sector Growth (\$3,660,000 FSA). The agribusiness project will end, as well as assistance to microfinance institutions. Primary assistance will consist of a new competitiveness activity. USAID will continue to provide targeted interventions in the information (IT) sector and other sectors identified as promising for Armenia's economic development. Principal contractors: DAI, Chemonics, SRA, and TBD.

Strengthen Financial Sector's Contribution to Economic Growth (\$2,040,000 FSA). A number of new activities will be implemented, including a financial sector development project, a bank supervision project, and an effort to establish and grow a new NBFI. Principal contractors: TBD.

Performance and Results: USAID achieved policy and enterprise results in 2004, including creation of 3,485 full-time jobs through SME programs. At the macro level, the banking system improved with notable compliance with the Basel Core Principles. USAID SME interventions resulted in \$14.8 million in sales and \$9.3 million in exports. USAID assisted the devolution of the collection of land and property taxes to urban communities and developed the joint curriculum for a master's degree in Information Science at three prominent universities, thereby supporting the promising IT industry. USAID's work to develop the Association of Accountants and Auditors of Armenia resulted in the rollout of a new accounting certification. Resulting examinations that were approved by the International Federation of Accountants, moved Armenia a step closer to international compliance. USAID assisted the State Customs Committee to link all customs points via a wide-area network, thereby increasing efficiency of customs operations. Finally, USAID provided training to raise the quality of legislation and regulation in such areas as bankruptcy, collateral, state procurement, company law, and public auctions. Upon completion of this strategic objective, USAID expects that significant employment will be created and that select economic institutions will be able to better implement economic regulation.

US Financing in Thousands of Dollars

Armenia

111-0130 Increased Employment	DCA	ESF	FSA
Through September 30, 2003			
Obligations	458	673	156,959
Expenditures	0	673	139,258
Unliquidated	458	0	17,701
Fiscal Year 2004			
Obligations	0	0	14,830
Expenditures	51	0	13,056
Through September 30, 2004			
Obligations	458	673	171,789
Expenditures	51	673	152,314
Unliquidated	407	0	19,475
Prior Year Unobligated Funds			
Obligations	0	0	6,677
Planned Fiscal Year 2005 NOA			
Obligations	0	0	14,000
Total Planned Fiscal Year 2005			
Obligations	0	0	20,677
Proposed Fiscal Year 2006 NOA			
Obligations	0	0	10,000
Future Obligations	0	0	0
Est. Total Cost	458	673	202,466